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IN THE  
UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

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No. 12083

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CUTTER LABORATORIES, INC.,

*Appellant,*

v.

LYOPHILE-CRYOCHEM CORPORATION, ESSDEE PATENTS, INC.,  
and TABOR-OLNEY CORPORATION,

*Appellees.*

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BRIEF FOR APPELLEES

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**BRIEF FOR APPELLEES**

There are here appealed from the United States District Court for the Northern District of California, Southern Division, a judgment for \$70,922.00 entered on a verdict in appellees' favor for patent infringement and a decree dismissing an equitable defense and counterclaim interposed by appellant.

**Statement of the Case**

**Summary of the Facts**

The principal invention forming the subject-matter of the charged infringement in this case is that of the Reichel Patent No. Re 20,969 [P. Ex. 1, R. 938-944]. This invention is of a process for the preservation of perishable

biological substances [R. 940]. A subordinate invention is that of the Flosdorf and Stokes Patent No. 2,345,548 [P. Ex. 3, R. 953-960]. This subordinate invention is an improvement upon the Reichel process [R. 119-120] and is based upon the discovery that the Reichel process can be successful for its intended purpose under less rigorous conditions than Reichel suggests [D. Ex. E\*, pp. 59-61, 67].

What Reichel invented were specific new procedures which, when followed, produce a new and useful result, namely, a rapidly and reliably preserved biological substance [R. 97-98]. This goal had been sought since the nineteenth century [R. 95-96], but up to the time of Reichel's work others striving for success had followed the wrong path [R. 96, 98].

The substances which Reichel's process is used to preserve are, for example, penicillin, various sera, vitamin and hormone preparations, and human blood plasma [R. 88].

Two means of preserving animal tissue and kindred products of biological origin have long been known, namely, drying and freezing. It had, long before Reichel, occurred to others to attempt to combine the virtues of these two familiar expedients [R. 94-95]. What had not been discovered prior to Reichel was a procedure to use successfully in combining these processes to produce a dried product which would be of reliably unvarying characteristics and of adequate storage life [R. 98-99]. It speaks volumes for the success of the Reichel process

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\* Defendant's Exhibits B, C and E are not printed in full in the Transcript of Record. By Order of this Court dated November 9, 1948 [R. 383] they may be considered in their original form. Page references are to the number (as finally corrected by the Patent Office in pencil, if more than one number appears) appearing on the bottom of the pages of the certified photostat exhibits.

that human blood plasma dried in the Reichel manner can be preserved without refrigeration as long as five years without impairing its reliability [R. 85].

In the Reichel process the material to be preserved is first frozen and then subjected to a high vacuum [R. 84]. The effect of the high vacuum is to cause the water present in the frozen product in the form of ice to sublime, *i. e.*, pass directly from the solid to the gaseous state [R. 147]. The water vapor thus formed is continuously removed. Reichel contributed two important steps [R. 84, 97-98, 148], the proper combination of each of them with known steps constituting a separately important new and useful process, the carrying out of both simultaneously constituting the customary Reichel process now widely used by the pharmaceutical industry, including appellant.

One of these steps constituted heating the frozen material during the application of the high vacuum and while the evolving water vapor was being removed as it formed for the purpose of hastening the removal of the ice from the frozen product with the limitation that the heating not be permitted to cause the frozen product to melt. This new process is particularly covered by claims 6 and 12 of the Reichel patent [R. 943].

The other of these steps constituted continuing the application of the high vacuum to the product being dried after the last of the ice in that product had passed into water vapor and until the product under the vacuum reached a temperature well above the freezing point (about  $0^{\circ}\text{C.}$ ). This new process is particularly covered by claims 11 and 13 of the Reichel patent [R. 943-944].

When the Reichel process had been scientifically demonstrated as capable of producing preserved products safe to use in the treatment of human beings, it began to find widespread acceptance and attention was turned to improving its commercial application. In the course of

developing and experimenting with improved apparatus. Flosdorf and Stokes discovered that, if the water vapor were removed by directly pumping it from the vacuum space as a gas, the vacuum required might be lower [D. Ex. E., pp. 41-43]. Quite plainly, the higher the vacuum, the more difficult it is to maintain and the more tedious and expensive the process. The Flosdorf and Stokes discovery is subordinate to the Reichel invention, but it is nonetheless a true process consisting in taking certain prescribed steps in a certain prescribed manner with a new and practical result. It does not matter which of a number of widely different available pumping devices is employed [D. Ex. E., p. 59]. So long as neither a cold condenser nor a chemical desiccant is employed in the vacuum space, the vacuum required is not as high as when a cold condenser or a chemical desiccant is used. This new process is covered by claims 4 and 5 of the Flosdorf and Stokes patent.

A most dramatic accomplishment of the Reichel process was the production of the vast quantities of dried human blood plasma used by the Armed Forces during the recent war [R. 95]. This production was carried out under license from appellees without royalty [R. 354]. After the war blood plasma and other blood fractions, sera and the like continued to be dried commercially by the Reichel process with or without the Flosdorf and Stokes improvement, by the pharmaceutical manufacturers of this country, including appellant [R. 156-168], many of whom are appellees' licensees [R. 327].

Dr. Reichel was an employee of Sharp & Dohme, Inc. [R. 210], one of our better-known pharmaceutical manufacturers. Dr. Flosdorf was an associate of the F. J. Stokes Machine Co. [R. 954], one of our better-known makers of high-vacuum apparatus. There is no evidence that either Sharp & Dohme or Stokes has ever engaged in business in the other's field. Essdee Patents, Inc., one



of the appellees, is a wholly-owned subsidiary of Sharp & Dohme [R. 324] and holds legal title to the Reichel patent in suit [R. 964]. Tabor-Olney Corporation, one of the appellees, is a wholly-owned subsidiary of Stokes [R. 324] and holds legal title to the Flosdorf and Stokes patent in suit [R. 961]. Lyophile-Cryochem Corporation, the third of the appellees is a corporation jointly owned by Sharp & Dohme and Stokes [R. 324] and was organized for the purpose of licensing [R. 321] the Reichel process and related improved processes and products [R. 322] developed or acquired by Sharp & Dohme or Stokes to persons wishing to take licenses thereunder.

The effect of this method of exploiting the patents of the two non-competing principals is (1) to permit Stokes to enjoy the patent monopolies in its own field, machinery, exclusive of everyone except Sharp & Dohme acting for itself and not for resale; (2) to permit Sharp & Dohme to practice, not exclusively, the inventions of the patents in its own field, the manufacture of pharmaceutical products; and (3) to permit Sharp & Dohme and Stokes to share the royalties obtained from the licensing of the patents covering the manufacture of the pharmaceutical products [D. Ex. O., R. 768-937]. This licensing has been carried out in a non-discriminatory and non-restrictive manner [R. 364-368 and P. Ex. 7, R. 969-971].

### **The Proceedings Had**

Court proceedings between the parties began with an action on the case brought by appellees for damages arising out of patent infringement [R. 2-5]. The charge of infringement under the original complaint was finally limited to claims 6, 11, 12 and 13 of the Reichel patent and claims 4 and 5 of the Flosdorf and Stokes patent [R. 5-7].

In its answer [R. 8-29] appellant pleaded the usual legal defenses to a patent infringement action and, additionally, pleaded an equitable defense to such an action, namely, that appellees had misused the patents in suit and therefore, should not be permitted to enforce them. The answer also included a counterclaim seeking a declaratory judgment that all claims of plaintiffs' patents were invalid or not infringed or unenforceable for misuse.

Thus when the controversy came to trial there were tried simultaneously appellees' action "on the case" (35 U. S. C. § 67) for damages for infringement of the specified claims where the jury was the sole trier of issues of fact [R. 40] and appellant's equity suit (35 U. S. C. § 70) for a declaratory judgment [R. 61] of invalidity or non-infringement of all the other claims. Since, as to validity and infringement, the evidence to be received in these two proceedings was substantially identical, both were tried together and, after the jury had rendered its verdict on the issues submitted to it, additional evidence was taken to enable the trial judge to determine the equitable defense of misuse alleged by appellant [R. 63].

Thus, with respect to claims 6, 11, 12 and 13 of the Reichel patent and claims 4 and 5 of the Flosdorf and Stokes patent, the appellate jurisdiction of this Court is invoked in an action at law tried to a jury, while with respect to the other claims of these patents and with respect to the defense of misuse, this Court is asked to undertake the more sweeping task of equity review. These procedural matters are here set out in detail because their importance has been so far ignored by appellant that appellant's opening brief, although designating the appeal from the judgment on the verdict "the principal appeal" consists largely of an invitation to this Court to disregard the Seventh Amendment and reexamine fact issues submitted to a jury upon instructions not objected to by appellant and determined by that jury against appellant.



## Introduction

The imprecision with which the supposed errors of the District Court are "specified" by appellant necessitates a brief explanation by appellees of the plan of this brief.

For example, appellant's specification of error numbered "1" sets forth as a single error on appeal, (a) the failure of the judge to direct a verdict or to grant a judgment notwithstanding the jury verdict which would be error only if, on the evidence viewed most favorably to the victor, a reasonable man could not fairly arrive at the verdict; (b) the failure of the judge to grant the motion for a new trial which is only reviewable as an abuse of discretion; and (c) the failure of the judge trying the counterclaim without a jury to find for appellant. As grounds for urging these several errors, appellant broadly asserts "all the claims of Reichel reissue patent No. Re 20,969 are invalid for lack of patentable invention as a matter of law". The other four "specifications" of error are equally diverse and unprecise.

Appellees will show that the District Court was correct and that:

A. The Judgment on the Verdict Should be Affirmed.

B. The Equitable Defense of Misuse was Properly Dismissed.

C. The Decree on the Counterclaim Should be Affirmed.

Thereafter, appellees will (D., Rebuttal) point out to the Court the many errors of fact and law in Appellant's Opening Brief.

## SUMMARY OF ARGUMENT

### *A. The Judgment on the Verdict Should Be Affirmed.*

1. The presence or absence of patentable invention is a question of fact.

2. Sufficiency of disclosure and definiteness of claims in a patent are questions of fact.

3. Infringement is a question of fact.

4. It is the province of the jury to weigh the evidence and finally decide all questions of fact as to which, upon the evidence, reasonable men might fairly reach different conclusions.

5. Unless the verdict cannot be sustained as the conclusion of reasonable men, taking the evidence in the light most favorable to the successful party, it is not to be set aside.

6. There is evidence to support the conclusion that the Reichel patent and the Flosdorf and Stokes patent disclose and claim patentable inventions.

7. There is evidence to support the conclusion that the Reichel patent complies with every requirement of R. S. § 4888, 35 U. S. C. § 33.

8. There is evidence to support the conclusion that the Reichel patent and the Flosdorf and Stokes patent have been infringed by appellant.

### *B. The Equitable Defense of Misuse Was Properly Dismissed.*

9. To establish the defense of misuse of a patent and thus to render that patent unenforceable, it must be shown

that the patent has been used as a means for restricting the free play of competition beyond those restrictions which the patent laws establish.

10. The evidence in the present case fails to establish any restraint of trade or competition between traders, any lessening of the incentive to invent, or the existence of any monopoly or tendency to monopoly beyond the scope of claims granted by the Patent Office.

11. The evidence shows that it was the policy of Lyophile-Cryochem Corporation actively to promote the non-discriminatory licensing of the process and product claims of the patents in suit (and of patents licensed with them) and that this licensing was of a non-restrictive character without price-fixing, quotas, or tie-in between the licensing of the process and product claims and the purchase of machinery, patented or unpatented.

*C. The Decree on the Counterclaim Should Be Affirmed.*

12. The validity and infringement of claims 6, 11, 12 and 13 of the Reichel patent and of claims 4 and 5 of the Flosdorf and Stokes patent were not open for adjudication on the counterclaim, and were not covered by the decree thereon.

13. No error is urged with respect to the declaratory adjudication of validity of claims 1, 2 and 3 of the Flosdorf and Stokes patent and the only error urged with respect to the declaratory adjudication of validity of claims 1, 2, 3, 4, 5, 7, 8, 9 and 10 of the Reichel patent is that the District Court made an erroneous finding of fact with respect to the question of invention.

14. The finding of the District Court that claims 1, 2, 3, 4, 5, 7, 8, 9 and 10 of the Reichel patent are valid cannot be said to be plainly erroneous.

*D. Rebuttal.*

15. The inventions of claims 6, 11, 12 and 13 of the Reichel patent are processes, properly claimed.

16. Claims to sub-combinations are legally valid and claims 6, 11, 12 and 13 of the Reichel patent are legally complete.

17. Whether or not the bringing together of the recited steps of the claims of the Reichel patent constituted an inventive act and resulted in patentable combination processes or in mere aggregations is the chief contested issue between the parties and is a question of fact, not of law.

18. The proof of infringement of the Reichel patent was clear and complete and appellant's entire argument about non-infringement is a plea to this Court to re-examine questions of fact decided adversely to it by the jury.

19. The argument that claims 4 and 5 of the Flosdorf and Stokes patent are for the mere function or effect of a machine is not supported by the facts upon which the jury, properly instructed as to the law, found against appellant.

20. Appellant's entire argument with respect to the supposed misuse of the patents in suit is based on good law, but a complete disregard of the facts.

## ARGUMENT

### A. The judgment on the verdict should be affirmed.

#### 1. The presence or absence of patentable invention is a question of fact.

Aside from the "misuse" question appellant's appeal, based on an attempt to have this Court consider questions of fact as questions of law, verges on the frivolous. As presented, it would seem to involve the fundamentals of the American patent system and of the American system of jurisprudence, and to require this Court to determine what, in the American patent system, according to the dichotomy of the American system of jurisprudence, is a question of law and what is a question of fact. These fundamental questions have long since been authoritatively resolved, so that all that is required to dispose of this appeal (except as to the "misuse" question) is the application of well settled rules to the clearly delineated issues.

A law is a rule of general applicability. A fact is a demonstrable happening. If a certain pattern of demonstrable happenings occurs, then, by reason of a rule of general applicability, certain legal consequences ensue.\*

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\* This basic point of the philosophy of Anglo-American jurisprudence is briefly touched in *Wigmore on Evidence* (3rd Ed., Boston, 1940) § 1 (a). The dichotomy was so well established in 1791 that the Seventh Amendment to the Federal Constitution assumes complete understanding of it in the classic prohibition "no fact tried by a jury shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law". That the philosophy of the common law was then precisely as it is here restated may be clearly seen from the following passage from Blackstone:

"It is wisely therefore ordered, that the principles and axioms of law, which are general propositions, flowing from abstracted

(Footnote continued on following page.)



It is the duty of the judge to formulate the rule of general applicability from the constitutional, statutory and common-law sources. It is with the proper formulation of such a rule of general applicability that questions of law are concerned.

It is the duty of the jury to determine from the evidence what happenings have occurred and, on a general verdict, to make the final determination as to whether or not the sum of the happenings proved by that evidence to have occurred amounts to a pattern to which a rule of general applicability attaches legal consequences in accordance with the instructions of the judge. The determination from the evidence, both by the separating of the credible from the incredible and by the making of reasonable inferences, of what happenings have occurred is the determination of questions of fact.

All too often lawyers assert that where there is no difference between the parties as to the truth or falsity of the evidence there can be no issue of fact. Nothing could be more erroneous. Instead, wherever from the evidence, undisputed though it may be, reasonable men might fairly reach different conclusions by inference, there exists a

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(Note continued from preceding page.)

reason, and not accommodated to times or to men, should be deposited in the breasts of the judges, to be occasionally applied to such facts as come properly ascertained before them. For here partiality can have little scope: the law is well-known, and is the same for all ranks and degrees; it follows as a regular conclusion from the premises of fact pre-established. But in settling and adjusting a question of fact, when intrusted to any single magistrate, partiality and injustice have an ample field to range in; either by boldly asserting that to be proved which is not so, or more artfully by suppressing some circumstances, stretching and warping others, and distinguishing away the remainder. Here therefore a competent number of sensible and upright jurymen, chosen by lot from those of the middle rank, will be found the best investigators of truth, and the surest guardians of public justice". III *Blackstone*, ch. 23 (Seventh Ed., Oxford, 1775) pp. 379-380.

And see *Dimick v. Scheidt*, 293 U. S. 474 (1935).

question of fact which at common law as in an action "on the case" must be left for the jury to resolve. *Tennant v. Peoria & P. U. Ry.*, 321 U. S. 29, 35 (1944).

In the American patent system the rules of general applicability are found in the Constitution and in acts of Congress. These rules are by our common law system of jurisprudence given a more specific content as the years pass by the analogies which may be drawn and the deductions which may be made from the facts of successive decided cases. Where a sufficient number of such cases permit, subsidiary rules of general applicability may be deduced. Nothing is more notable about the American patent system than the fact that, although the governing statute has remained in substance unchanged for 113 years, no definition of patentable invention has ever been resolved into a rule of law. It cannot be said categorically in any case that the evolution of something proved to be new did or did not require the exercise of the inventive faculty without the introduction of evidence to show the facts and circumstances surrounding the evolution. It may be, in any given case, that when all the evidence is in only one inference can be reasonably drawn by fair-minded men. In such a case there is no question to submit to a jury. For examples, see *Brady v. Southern Ry.*, 320 U. S. 476, 480 (1943), and *McIlvaine Patent Corporation v. Walgreen Co.*, 138 F. 2d 177 (7th Cir. 1943), cited by appellant. In most cases, however, either problems of credibility or problems of conflicting inferences arise. So in this case where the Patent Office, the trial judge and the twelve jurors were in accord in inferring from substantially the same evidence that patentable invention had been demonstrated, it cannot now be said that reasonable men could not fairly make that inference.

The appellant would have it that the presence or absence of invention in the patents in suit can be determined as a matter of law, but the appellant significantly

fails to state what rule of general applicability it relies upon. Appellant is doubly embarrassed in this because, for the purposes of this case, appellant has already agreed with appellees as to all the applicable rules of law. Those rules are expressed in the trial judge's charge to the jury to which no objection of any kind was made by either party [R. 40].

Turning now from the general to the particular, the rule of general applicability which makes the presence of invention a requirement for a valid patent is expressed in R. S. § 4886 (35 U. S. C. § 31):

“Any person who has *invented or discovered* any new and useful art, machine, manufacture, or composition of matter, or any new and useful improvements thereof, \* \* \* not known or used by others in this country, before his *invention or discovery* thereof, and not patented or described in any printed publication in this or any foreign country, before his *invention or discovery* thereof, or more than one year prior to his application, and not in public use or on sale in this country for more than one year prior to his application, unless the same is proved to have been abandoned, may, upon payment of the fees required by law, and other due proceeding had, obtain a patent therefor.” [Emphasis added.]

At least since the Patent Act of 1836 the law has had the same requirement, and uniformly since that time it has been recognized that the presence or absence of invention in a particular case presents a question of fact. *Turrill v. Railroad Company*, 1 Wall. 491 (U. S. 1863); *Keyes v. Grant*, 118 U. S. 25 (1886); *Royer v. Schultz Belting Co.*, 135 U. S. 319 (1890); *Thomson Co. v. Ford Motor Co.*, 265 U. S. 445 (1924); *United States v. Esnault-Pelterie*, 303 U. S. 26 (1938); *McRoskey v. Braun Mattress Co.*, 107 F. 2d 143 (9th Cir. 1939); *Page v. Myers*, 155 F. 2d 57 (9th



Cir. 1946); *Refrigeration Engineering, Inc. v. York Corporation*, 168 F. 2d 896 (9th Cir. 1948); *Faulkner v. Gibbs*, 170 F. 2d 34 (9th Cir. 1948).

A very excellent statement of the law on this point is found in *Keyes v. Grant*, *supra*:

“The judgment entered on the verdict rendered in favor of the defendants, in pursuance of the direction of the court, can be maintained only on the ground, either that the legal identity of the furnace described by Karsten with that covered by the plaintiffs’ patent was manifest as a matter of law, or that it was established as a matter of fact so conclusively by the evidence that a verdict the other way could not be supported, within the rule as stated in *Randall v. Baltimore & Ohio Railroad Co.*, 109 U. S. 478.

“Clearly it was not a matter of law that the specification of the plaintiffs’ patent, and the publication of Karsten, taken in connection with the drawings intended in illustration, described the same thing. The differences were obvious, in the arrangement of the parts, and the relation of the basin in one, and the fore-hearth in the other, to the interior of the furnace, and the mode of connecting the one with the other, for the purpose of drawing the metal from the furnace. So that it certainly was not a matter of mere judicial knowledge, that these differences were either not material in any degree to the result, or, if material at all, were only such as would not require the exercise of the faculty of invention, but would be suggested by the skill of an experienced workman employed to produce the best result in the application of the well-known arrangements of the furnace. It was claimed, on behalf of the plaintiffs, that the furnace described in the patent and as used by them, embodied an idea not contained in or suggested by Karsten’s publication. \* \* \* It was insisted by the

patentees that no such arrangement and combination were to be found in Karsten's publication or in the furnaces depicted in his figures, and that the improvement which they constituted was not the result of mere mechanical skill, but sprang from a genuine effort of invention. And this view was supported by the opinion of many experts skilled in the art.

"In our opinion this was a question of fact properly to be left for determination to the jury, under suitable instructions from the court upon the rules of law, which should guide them to their verdict. And there was evidence upon both sides of the issue sufficient to require that it should be weighed and considered by the jury in the determination of the question, and this implies that, if it had been submitted to the jury and the verdict had been for the plaintiffs it would not have been the duty of the court to have it set aside as not supported by sufficient evidence. The court erred, we think, in withdrawing the case from the jury as it did by directing a verdict for the defendants" 118 U. S. 36, 37.

This unanswerable logic establishes that the presence or absence of invention in the evolution of any new and useful art, machine, manufacture, or composition of matter, is *inherently* a question of fact. Before that question can be answered, *evidence must be received* and the facts of the particular case established.

## **2. Sufficiency of disclosure and definiteness of claims in a patent are questions of fact.**

The law on this subject is clearly stated in the statute, thus:

"Before any inventor or discoverer shall receive a patent for his invention or discovery he shall \* \* \* file in the Patent Office a written description of the same,

and of the manner and process of making, constructing, compounding, and using it, in such full, clear concise, and exact terms as to enable any person skilled in the art or science to which it appertains, or with which it is most nearly connected, to make, construct, compound, and use the same; \* \* \* and he shall particularly point out and distinctly claim the part, improvement, or combination which he claims as his invention or discovery” R. S. § 4888, 35 U. S. C. § 33.

When the Congress laid down the requirements for the description and claims of a patent application, it, paying heed to the purpose of the patent system as expressed in the Constitution, Art. 1, § 8, “to promote the progress of science and useful arts”, established as the measure of the sufficiency of patent language the understanding of the man skilled in the art to which a particular patent pertains. Unless every Federal court is to be presumed to be skilled in every art, it is apparent that the evidence of the man skilled in the art as to the significance in that art of the language used must be sought. Wherever evidence is required, there is presented a question of fact.

It does not alter the essential nature of the question that in some cases the language itself is such that no reasonable man could suppose it to be definite. Such a situation merely presents the familiar grounds for taking any question of fact from a jury.

There is no better demonstration of the principle that the definiteness or indefiniteness of patent language is a question of fact than the case of *United Carbon Co. v. Binney & Smith*, 317 U. S. 228 (1942) cited by appellant. Speaking of the sufficiency of the claims of the patent there in suit to meet the requirements of R. S. § 4888, 35 U. S. C. § 33, the Supreme Court said (p. 232):

“The District Court found that the claims did not meet these requirements, and the Circuit Court of

Appeals held that they did. Much testimony was directed to this question at the trial, and it has been discussed in the briefs and argument in this Court  
\* \* \*

“Here, as in many other cases, it is difficult for persons not skilled in the art to measure the inclusions or to appreciate the distinctions which may exist in the words of a claim when read in the context of the art itself. The clearest exposition of the significance which the terms employed in the claims had for those skilled in the art was given by the testimony of Weigand, one of the patentees, whom respondent called as its witness. \* \* \* His testimony in this respect was given principally upon cross examination, but it was in no wise impeached or contradicted, and is borne out by that of other witnesses. \* \* \*”

It is apparent that the Supreme Court in the passage cited was determining a question of fact. This the Supreme Court, as an appellate tribunal, could do in the *United Carbon* case because the judgment there reviewed was “in equity” and the two lower courts had disagreed. What the Supreme Court there decided, on the evidence before it, was that in the carbon black art “approximately 1/16 of an inch in diameter” was an indefinite term as used in the claims of the patent there in suit and did not serve clearly to distinguish the claimed invention from the prior art. Surely no one would contend that the Supreme Court laid down a rule of general applicability that “approximately 1/16 of an inch in diameter” is a term insufficient to meet the requirements of R. S. § 4888, 35 U. S. C. § 33 in every art.

Thus reason demonstrates that it is inherent in the test of patent language laid down by Congress that the adequacy of particular language to meet that test presents a

question of fact. The authorities in support of this proposition are clear.

In *Battin v. Taggart*, 17 How. 74, 84 (U. S. 1854), the Supreme Court stated:

“We think the court also erred in saying to the jury, ‘We instruct you that your verdict, in each case, must be for the defendants’.

“This, as well as the two instructions above noticed, took from the jury facts which it was their province to examine and determine. It was the right of the jury to determine, from the facts in the case, whether the specifications, including the claim, were so precise as to enable any person skilled in the structure of machines, to make the one described. This the statute requires, and of this the jury are to judge.

“The jury are also to judge of the novelty of the invention, and whether the renewed patent is for the same invention as the original patent; and they are to determine whether the invention has been abandoned to the public. There are other questions of fact which come within the province of a jury; such as the identity of the machine used by the defendant with that of the plaintiff’s, or whether they have been constructed and act on the same principle”.

A recent decision in the Seventh Circuit holds the sufficiency of claim language in a patent under R. S. § 4888, 35 U. S. C. § 33 to be a question of fact. There the Court said:

“Under the decisions, we do not understand that we should express our opinion as to whether the claims are sufficiently specific, for that is a question of fact which the district court has decided. Our question is whether the district court’s finding in this respect is supported by substantial evidence.” *Bank v. Rauland Corporation*, 146 F. 2d 19, 23 (7th Cir. 1944).



As the Supreme Court said in *Bischoff v. Wethered*, 9 Wall. 812, 815 (U. S. 1870) in a manner so cogent as to settle the question:

“But the specifications of patents for inventions are documents of a peculiar kind. They profess to describe mechanisms and complicated machinery, chemical compositions and other manufactured products, which have their existence *in pais*, outside of the documents themselves; and which are commonly described by terms of the art or mystery to which they respectively belong; and these descriptions and terms of art often require peculiar knowledge and education to understand them aright; and slight verbal variations, scarcely noticeable to a common reader, would be detected by an expert in the art, as indicating an important variation in the invention. Indeed, the whole subject-matter of a patent is an embodied conception outside of the patent itself, which, to the mind of those expert in the art, stands out in clear and distinct relief, whilst it is often unperceived, or but dimly perceived, by the uninitiated. This outward embodiment of the terms contained in the patent is the thing invented, and is to be properly sought, like the explanation of all latent ambiguities arising from the description of external things, by evidence *in pais*.”

Clearly, then the statutory standard laid down by Congress requires that the sufficiency of a particular patent disclosure and claim to meet the requirements of R. S. § 4888 be determined as a question of fact. Any other rule would presuppose judicial omniscience—a knowledge not of the rules of general applicability in patent cases, but of every facet of every art that might be the subject of a patent.

Such is the rule in this circuit, *Schumacher v. Buttonlath Mfg. Co.*, 292 Fed. 522 (9th Cir. 1920); *Research Products Co. v. Tretolite Co.*, 106 F. 2d 530 (9th Cir. 1939).

### 3. Infringement is a question of fact.

This proposition is generally accepted. Plainly, there could be no rule of general application which would state, "the processes used by appellant infringe (or do not infringe) appellees' claims". The rule of general application is that of R. S. § 4919, 35 U. S. C. § 67:

"Damages for the infringement of any patent may be recovered by action on the case \* \* \*".

Quite obviously this leaves a plaintiff to his proof, and entitles him to have the sufficiency of his proof tested according to the usual rules in such actions.

This proposition is forcefully stated by the Supreme Court in *Royer v. Schultz Belting Co.*, 135 U. S. 319, 325 (1889):

"We think the Circuit Court erred in not submitting to the jury the question of infringement, under proper instructions. If the patented invention was, within the ruling in *Morley Machine Co. v. Lancaster*, *supra*, 'one of a primary character,' and the patent was 'a pioneer patent,' which were questions of fact to be passed upon by the jury, then the question, on a proper construction of the patent, whether the defendant's machine infringed its claims, was a question of fact for the jury to determine, on all the evidence which the case might present. *Tucker v. Spalding*, 13 Wall. 453.

"It is not a matter of mere judicial knowledge that the mechanical differences between the two machines were material, in view of the character of the patented invention and of the claims of the patent; and we are unable to concur with the view of the Circuit Court, in its opinion denying the motion for a new trial, that this is a case where, if the jury had found a verdict for the plaintiff, on the evidence put in by

him on the question of infringement, all of which evidence the bill of exceptions states is set forth therein, it would have been proper for the court to set aside such verdict. *Keyes v. Grant*, 118 U. S. 25, 36 37."

Other authorities are: *Battin v. Taggart*, 17 How. 74 (U. S. 1854); *Coupe v. Royer*, 155 U. S. 565 (1895); *United States v. Esnault-Pelterie*, 303 U. S. 26 (1938); *Ralph N. Brodie Co. v. Hydraulic Press Mfg. Co.*, 151 F. 2d 91 (9th Cir. 1945); *Bianchi v. Barili*, 168 F. 2d 793 (9th Cir. 1948); *Faulkner v. Gibbs*, 170 F. 2d 34 (9th Cir. 1948).

**4. It is the province of the jury to weigh the evidence and finally decide all questions of fact as to which, upon the evidence, reasonable men might fairly reach different conclusions.**

It is not necessary that the parties disagree over the truth or falsity of evidence presented for a question of fact to arise. Very often the ultimate fact to be proved is not susceptible of direct presentation and must be demonstrated by inference from evidence which can be so presented. Indeed, "evidence" has been defined as "any matter of fact, the effect, tendency, or design of which, when presented to the mind, is to produce a persuasion concerning the existence of some other matter of fact". *Bentham's Rationale of Judicial Evidence*, b. I, c. I (London, 1827). As examples, intention is one matter of fact commonly required to be proved in courts of law which can only be ascertained by inference; negligence is another. The province of the jury in such cases, when the evidence is undisputed, has been clearly expressed by the Supreme Court in *Railroad Company v. Stout*, 17 Wall. 657, 663-4 (U. S. 1874):

"It is true, in many cases, that where the facts are undisputed the effect of them is for the judgment of



the court, and not for the decision of the jury. This is true in that class of cases where the existence of such facts come in question rather than where deductions or inferences are to be made from the facts. \* \* \* In some cases, too, the necessary inference from the proof is so certain that it may be ruled as a question of law. \* \* \* But these are extreme cases. The range between them is almost infinite in variety and extent. It is in relation to these intermediate cases that the opposite rule prevails. Upon the facts proven in such cases, it is a matter of judgment and discretion, of sound inference, what is the deduction to be drawn from the undisputed facts. Certain facts we may suppose to be clearly established from which one sensible, impartial man would infer that proper care had not been used, and that negligence existed; another man equally sensible and equally impartial would infer that proper care had been used, and that there was no negligence. It is this class of cases and those akin to it that the law commits to the decision of a jury”.

And see *Richmond & Danville R. R. v. Powers*, 149 U. S. 43, 45 (1893); *Bird v. United States*, 24 F. 2d 933, 935 (9th Cir. 1928).

The Supreme Court has, since the adoption of the Federal Rules of Civil Procedure, reaffirmed the authority of *Railroad Company v. Stout*, *supra*, as the measure of the respective provinces of judge and jury:

“Rule 50 (b) goes further than the old practice in that district judges, under certain circumstances, are now expressly declared to have the right (but not the mandatory duty) to enter a judgment contrary to the jury’s verdict without granting a new trial. But that rule has not taken away from juries and given to judges any part of the exclusive power of

juries to weigh evidence and determine contested issues of fact [citing *Railroad Company v. Stout*, *supra*, in a footnote]—a jury being the constitutional tribunal provided for trying facts in courts of law.” *Berry v. United States*, 312 U. S. 450, 452-3 (1941).

Manifestly, in the present case, the three questions presented—(a) the presence or absence of invention; (b) the sufficiency of the patent language for the man skilled in the art; and (c) infringement—all must be determined by inference from evidence. The trial judge correctly left the making of those inferences to the jury. In the words of the Supreme Court in *Jones v. East Tennessee, etc. R. R.*, 128 U. S. 443, 445 (1888), “We see no reason, so long as the jury system is the law of the land, and the jury is made the tribunal to decide disputed questions of fact, why it should not decide such questions as these as well as others”.

**5. Unless the verdict cannot be sustained as the conclusion of reasonable men, taking the evidence in the light most favorable to the successful party, it is not to be set aside.**

Appellant urges that this Court review the denial of three motions made below.

The denial of the motion for a new trial is reviewable only as an abuse of discretion. *United States v. Socony-Vacuum Oil Co.*, 310 U. S. 150, 247-8 (1940); *Fairmount Glass Works v. Cub Fork Coal Co.*, 287 U. S. 474, 481-5 (1933); *Allison v. Standard Air Lines*, 65 F. 2d 668, 669 (9th Cir. 1933); *Liquid Veneer Corporation v. Smuckler*, 90 F. 2d 196, 205 (9th Cir. 1937).

The grounds upon which a Federal Court is justified in directing a verdict at the close of all the evidence and the ground upon which a Federal Court may, such a motion having been made and denied or decision reserved,

after verdict set aside a verdict and the judgment thereon are the same. Here the supposed errors relied on by appellant involve, as we have shown, questions of fact. Although appellant uses the formula "as a matter of law" in its specifications of error, appellant and appellees agreed on the law of the case as it was embodied in the judge's instructions so that appellant must mean by that formula that the evidence so establishes *the facts* as to justify a directed verdict or a judgment *n. o. v.* in its favor. See *Montgomery Ward & Co. v. Duncan*, 311 U. S. 243 (1940) in which a motion made pursuant to Rule 50 is denominated a motion for judgment *n. o. v.*

As this Court has said, "It is hornbook law that, on a motion for directed verdict, the evidence adduced by the opposing party shall be taken as true and all reasonable inferences deducible therefrom shall be given their most favorable intendment". *Smith v. Shevlin-Hixon Co.*, 157 F. 2d 51, 53-4 (9th Cir. 1946).

**6. There is evidence to support the conclusion that the Reichel patent and the Flosdorf and Stokes patent disclose and claim patentable inventions.**

A patent is *prima facie* valid, *Mumm v. Decker & Sons*, 301 U. S. 168, 171 (1937). The presumption of validity extends to every determination of fact made by the Patent Office as an administrative agency, *Williams Mfg. Co. v. United Shoe Mach. Corp.*, 121 F. 2d 273, 277 (6th Cir. 1941), including novelty, *Bianchi v. Barili*, 168 F. 2d 793, 795 (9th Cir. 1948), utility, *Lehnbeuter v. Holthaus*, 105 U. S. 94, 96 (1882), invention, *Research Products Co. v. Tretolite Co.*, 106 F. 2d 530, 532 (9th Cir. 1939), sufficiency of disclosure, *Western States Mach. Co. v. S. S. Hepworth Co.*, 147 F. 2d 345, 348 (2nd Cir. 1945), and definiteness of claim, *Bank v. Rauland Corp.*, 146 F. 2d 19, 23 (7th Cir. 1944).

The burden of establishing the invalidity of the patents in suit rested on appellant, *Ralph N. Brodie Co. v. Hydraulic Press Mfg. Co.*, 151 F. 2d 91, 94 (9th Cir. 1945).

The jury was able to assess the weight to be given to the presumption of validity in this case because the file wrappers of the original Reichel patent and its reissue and the file wrapper of the Flosdorf and Stokes patent were in evidence. The prosecution of the Reichel patent was unusually complete and, since the patent was reissued, the Patent Office had a double opportunity to scrutinize all its claims. The Reichel patent was originally applied for on January 13, 1934. The Patent Office was supplied by Reichel with up-to-date articles [D. Ex. B, pp. 63-71] reviewing the achievements of Reichel's work and evaluating it in terms of the prior art. In the bibliography [D. Ex. B, pp. 70-71] appended to one of these articles and in the references made of record by the Examiner in the prosecution of the original and reissue applications is found what appellant regards as the most pertinent prior art. Appellant's two principal references are Shackell [R. 533-543] and Elser [R. 681-688]. Both were considered *in extenso* by the Patent Office [D. Ex. B, pp. 32-34 and D. Ex. C, pp. 25-26].

Appellees called an expert, Dr. Leake, as a man skilled in the art to which the Reichel invention appertains. Dr. Leake was, by training, a pharmacologist [R. 81-82] having actual experience with freeze-drying in the preparation of dried biological substances extending from well before the Reichel invention to the present time [R. 115, 83]. Dr. Leake reviewed for the jury the prior art [R. 93-97] and explained wherein its deficiencies lay [R. 98] and also testified to the success of the patented process and to its great importance in pharmacology and medicine [R. 87].

The prior art in this case, for example Shackell, goes back before the First World War. The products produced by the patented process are of life giving importance.

It was a significant bit of evidence of invention that the soldiers of the First World War were not provided with plasma by the prior art; the soldiers of the Second World War were provided with plasma by Reichel.

Appellant's expert was Dr. Hildebrand, physical chemist [R. 212-213]. He agreed that there was no instruction in any of the prior patents or publications to continue the vacuum until the product attained a temperature substantially above zero [R. 314], and that Morel (the only reference that includes the step of heating a frozen material) describes melting it [R. 302-303].

Dr. Hildebrand took a physicist's view of the meaning of "heating"—*i. e.*, obtaining the inflow of heat [D. Ex. K-1], whereas the claims in suit, written not for a super-physicist, but for one skilled in the pharmaceutical art, call for deliberate heating in an ordinary sense, *i. e.*, by exposure to a source of heat substantially above the freezing temperature of the material. Dr. Hildebrand had no skill in the art of pharmacology and his testimony, that had he been asked to make the Reichel invention he and his staff could have easily done so [R. 291], lacks conviction as it certainly lacks relevance. As Mr. Justice Holmes once said, " \* \* \* a page of history is worth a volume of logic", *New York Trust Co. v. Eisner*, 256 U. S. 345, 349 (1921).

The Patent Office consideration of the merits of the Flosdorf and Stokes invention before the grant of the Flosdorf and Stokes patent was also very thorough. The process of claims 4 and 5 in suit was initially considered by the Patent Office as involving the substitution of known apparatus, *i. e.*, high-capacity vacuum pumping devices, for combinations of pumps and cold condensers or chemical absorbents, disclosed, for example by Reichel himself, as argued by appellant. This view was reversed upon a careful consideration of the improvements obtained by eliminating the condenser or absorbent [D. Ex. E, pp. 58-61] and evidence that those skilled in the art considered such



elimination not to be feasible even after the application had been filed [D. Ex. E, p. 67].

There is no art here which adds to or differs from the art considered by the Patent Office prior to the grant of this patent. Thus Dr. Hildebrand set forth the process of Flosdorf and Stokes claims 4 and 5 as a three-step process and showed that appellant used this process in some of its operations [D. Ex. K-2]. Of the seven references he selected as the best [R. 307] four of them (Altman, Shackell, Harris and D'Aunoy) used a chemical desiccant; another (Elser) used a cold condenser [R. 285]; another (Rogers) indicated a desiccant to be necessary to protect his pump from moisture [R. 315-16]; and as to the seventh (Krause and Lenk) Hildebrand, when asked whether he meant that there was not interposed between the vacuum pump and the material being dried either a condensing system or an absorbing system for the water vapor, said, "No, I didn't mean to imply that" [R. 315]. Thus, there was a failure on appellant's part to carry its burden of proving that the Flosdorf and Stokes contribution lacked novelty.

That the omission of a step previously considered necessary may give rise to a valid process patent as a matter of law is established.

"The invention of Lawther consisted in discarding the muller-stones and passing the crushed seed directly into a mixing-machine to be stirred, moistened, and heated by jets of steam or water, and then transferring the mass to the presses for the expression of the oil by hydraulic or other power.

The machinery and apparatus used by Lawther had all been used before. His only discovery was an improvement in the process. He found that, by altogether omitting one of the steps of the former process—the grinding and mixing under the muller-stones—and

mixing in the mixing-machine by means of steam, a great improvement was effected in the result.

Why should it be doubted that such a discovery is patentable?" *Lawther v. Hamilton*, 124 U. S. 1, 6-7 (1888).

**7. There is evidence to support the conclusion that the Reichel patent complies with every requirement of R. S., § 4888, 35 U. S. C., § 33.**

Both sufficiency of disclosure and definiteness of claim are questions of fact. The grant of the Reichel patent raises the presumption that it complies with the statute in both respects.

At the trial a great deal of time was consumed by appellant in reading to the jury extended excerpts from the Reichel original file wrapper, D. Ex. B, in an effort to establish as a fact that Reichel had attached to the terms "quickly freezing" and "substantially instantaneous freezing" used in Reichel's claims 6, 11, 12 and 13 in suit the restricted meaning of "freezing at  $-70^{\circ}\text{C}.$ " The jury rejected this contention, probably because it appreciated that in passages which appellant refrained from reading, Reichel's invention was stated to involve processes including, (a) the step of active heating without melting of the frozen product to hasten the drying, and (b) the step of continuing the vacuum after sublimation of the ice was completed until the product had attained a temperature substantially above  $0^{\circ}\text{C}.$ , both irrespective of whether the product was initially frozen at  $-20^{\circ}\text{C}.$  or  $-70^{\circ}\text{C}.$  or any other temperature [D. Ex. B, p. 94], and that Reichel took the same position in the oath accompanying his reissue application [D. Ex. C, pp. 18-20].

Appellant also sought to attack the sufficiency and definiteness of the Reichel patent by the testimony of Dr. Hildebrand that "as a scientist" he didn't know what

quickly freezing meant [R. 298] and moreover he didn't think the Examiner who allowed the Reichel patent did either, though he admitted the term had been applied in the prior freeze-drying art with definite meaning [R. 298].

Dr. Leake testified that the terms used in the claims applied to freezing had meaning for those engaged in freeze-drying [R. 134] and that the elapsed time in completely freezing a given quantity of material, taken alone, did not determine whether the material was being "quickly" or "slowly" frozen [R. 150-153]; and the Patent Office obviously agreed with Dr. Leake.

The jury preferred to agree with Dr. Leake and the Examiner, and it certainly cannot be that the inference reached by it was so unsupported that no reasonable man could fairly reach it.

**8. There is evidence to support the conclusion that the Reichel patent and the Flosdorf and Stokes patent have been infringed by appellant.**

Appellant's employee, Murchio, testified that the first step of appellant's process is freezing the material [R. 163], that the frozen material is then subjected to a high vacuum [R. 163], that heat is supplied to the frozen material [R. 164], that the materials remain in the solid state during the drying operation [R. 166], and that at the end of the process the temperature of the material is brought well above the freezing point [R. 165]. The several variants in matters of freezing temperature used by appellant had been furnished to appellees in answers to interrogatories which were read into the record [R. 165-168], establishing that all the freezing was done at temperatures from  $-20$  to  $-70^{\circ}\text{C}$ . Appellant itself introduced an exhibit, D. Ex. K-1, purporting to compare appellant's procedures to Reichel's. This exhibit does not differentiate the two except in the matter of the tempera-



ture at which the freezing takes place. Thus, the only aspect of the question of infringement which is contested is whether or not appellant, in freezing at temperatures admitted, is freezing "quickly" or "substantially instantaneously", plainly a question of fact.

As to this question of what is meant by "quickly" or "substantially instantaneously" freezing in the freeze-drying art, Reichel claim 11 itself specifies one way of substantially instantaneously freezing, *i. e.* "by indirect contact with a refrigerant maintained at a temperature below the freezing point" of the material to be frozen. This is the method used throughout by appellant [R. 167-168]. Appellant argues here, as it did to the jury, that where temperatures as high as  $-20^{\circ}\text{C.}$  are used, the evidence shows that it sometimes takes as long as sixteen hours [R. 339-340] for entire large batches of appellant's material to become frozen.

But whether a large batch is being frozen quickly or slowly cannot be determined by the length of the time which it takes for the entire batch to become frozen. Homely illustrations make this clear. If a crossing attendant were to testify that it took a freight train three minutes to pass the grade crossing, could anyone say whether the freight train was moving fast or slowly? Obviously not. If an army takes four hours to pass its general in review, does that mean that the soldiers were marching more slowly than the soldiers in a platoon which passed its lieutenant in thirty seconds? Obviously not.

Compelling evidence of what the term "quickly" means in connection with freezing in the freeze-drying art is found in the prior art cited by appellant. For example, the Elser patent [D. Ex. G-7; R. 681-688] terms freezing with a refrigerant between  $-12^{\circ}$  and  $-20^{\circ}\text{C.}$  as "rapid freezing" and Altmann, referring to a procedure carried out at about  $-20^{\circ}\text{C.}$  termed it "quickly freezing" [R. 298]. Moreover, as Dr. Hildebrand admitted, in the

frozen food business the term "quick frozen" has a definite meaning, although he thought the term lacked scientific precision.

Further evidence is found in the patent itself. Some of the claims of the Reichel patent (1, 2, 3, 4, 9 and 10) are drawn to freezing at a temperature of  $-70^{\circ}$  and in only some of defendant's processes is this temperature employed [R. 168]. It is elementary that in those claims in which the temperature is not specified Reichel must be presumed to have embraced something different. This is precisely what Reichel told the Patent Office [D. Ex. B, p. 94] when he stated that he was seeking a patent claiming a process of dehydration of a frozen material broadly "irrespective of whether the material is initially frozen at  $-20^{\circ}\text{C.}$  or  $-70^{\circ}\text{C.}$  or any other temperature".

It cannot be that after appellant admitted that all its freezing was at temperatures not higher than  $-20^{\circ}\text{C.}$ , which is a temperature referred to by the prior art as producing quick freezing, the jury acted unreasonably in finding that such freezing met the requirements of the claims in suit.

Infringement of the Flosdorf and Stokes patent by some of appellant's operations is admitted [D. Ex. K-2].

## **B. The Equitable Defense of Misuse Was Properly Dismissed.**

**9. To establish the defense of misuse of a patent and thus to render that patent unenforceable, it must be shown that the patent has been used as a means for restricting the free play of competition beyond those restrictions which the patent laws establish.**

The defense to a civil action for patent infringement that the patentee is "misusing" the patent in suit and that, therefore, the patent is unenforceable is a defense

not going to the merits of the patent or of the asserted claim of infringement. *Carbice Corp. v. Am. Patents Corp.*, 283 U. S. 27, 30 (1931). Instead, it is a defense based upon the power of an equity court to withhold its aid from a party otherwise entitled to it when the granting of that aid would produce a result contrary to public policy, *American Lecithin Co. v. Warfield Co.*, 105 F. 2d 207, 211 (7th Cir. 1939) and, in appropriate cases, the power of the chancellor to affirmatively enjoin other proceedings.

There have been quite a number of cases decided by the Supreme Court, by this Court and by other Courts of Appeal involving the defense of misuse in patent infringement litigation. In addition, there have been a number of cases involving patent license contracts and patent pools which are related to the same general doctrine. In every case in which enforcement of a patent conceded or assumed to be valid has been denied facts have been proved establishing that the use of the patent complained of had effected or tended to effect a restraint of trade or competition among traders plainly not legalized by the patent grant. Where there has been criticism or condemnation of a patent contract or patent pool, it has been based uniformly on proof of facts establishing a similar restraint or an actual combination among competitors. The pattern of facts necessary to prove to sustain the misuse defense is made plain by reviewing the six cases decided by the Supreme Court and the three cases decided by this Court in which patent enforcement has been refused.

In the Supreme Court cases in which enforcement of a patent has been withheld on the grounds of its misuse, the facts were:

*Carbice Corp. v. Am. Patents Corp.*, 283 U. S. 27 (1931). Licensee required to purchase an unpatented commodity from licensor, *i. e.*, dry ice to use in a patented box.

*Leitch Mfg. Co. v. Barber Co.*, 302 U. S. 458 (1938). Licensee required to purchase an unpatented commodity from licensor, *i. e.*, asphalt to use in a patented process.

*Morton Salt Co. v. Suppiger Co.*, 314 U. S. 488 (1942). Licensee required to purchase an unpatented commodity from licensor, *i. e.*, salt tablets to use in a patented machine.

*B. B. Chemical Co. v. Ellis*, 314 U. S. 495 (1942). Licensee required to purchase an unpatented commodity from licensor, *i. e.*, materials to use in a patented shoe manufacturing method.

*Mercoïd Corp. v. Mid-Continent Co.*, 320 U. S. 661 (1944); *Mercoïd Corp. v. Honeywell Co.*, 320 U. S. 680 (1944). Licensee required to purchase an unpatented commodity from licensor, *i. e.*, an unpatented element of a patented furnace control combination.

In the cases in this Court in which enforcement of a patent has been withheld on the grounds of its misuse, the facts were:

*Dehydrators Ltd. v. Petrolite Corp.*, 117 F. 2d 183 (9th Cir. 1941). The patent owner included in the price of an unpatented commodity sold for use in practicing the patented processes a sum above the market price of that commodity as royalty. The patent owner had publicly offered a license to any one purchasing the unpatented commodity on the open market for the differential between the market price and the patent owner's price. It was held that such a policy tended to secure for the patent owner a limited monopoly in the unpatented commodity.

*Vitamin Technologists v. Wisconsin Alumni Research F.*, 146 F. 2d 941 (9th Cir. 1945). The patented processes were useful in the improvement of the food value of oleomargarine. The patent owner wilfully refused to license the processes for use with oleomargarine in order

to suppress competition with the sale of an unpatented commodity, butter.

*McCullough v. Kammerer Corp.*, 166 F. 2d 759 (9th Cir. 1948). A licensor corporation was formed by concert among competitors. The sole license required the exclusive licensee under it to agree not to use competing devices during the existence of the license and required the licensor not to do business with others in any competing devices. It was held that the effect of this license agreement was plainly restrictive of competition, and additionally, tended to defeat the public policy of the patent statutes by stifling the incentive to invent.

The rules of law establishing the equitable defense of misuse are not here in serious dispute. The governing decisions require proof of a restraint on competition in subject-matter not covered by the patent, or of a clog on the incentive to invent. Such proof, which it is appellant's burden to supply, is wholly lacking here.

**10. The evidence in the present case fails to establish any restraint of trade or competition between traders, any lessening of the incentive to invent, or the existence of any monopoly or tendency to monopoly beyond the scope of claims granted by the Patent Office.**

Appellant, after the verdict had been returned, had an opportunity to present its case in support of the allegation of misuse. Appellant called no witness except Mr. Kerr, General Manager of one of appellees [R. 360-368] and presented no exhibits except Exhibit O [R. 768-937]. The trial judge considered this evidence with care and overruled the appellant's defense [par. III, R. 58]. He commented at some length on the applicable law [R. 59-61] and entered Findings of Fact Nos. IX and X [R. 65] in favor of appellees. If any commodity, patented or unpatented, was monopolized, appellant had but to name it. If any part of commerce was being restrained, appellant



had but to point it out. If any competition anywhere was lessened or destroyed by appellees, appellant had ample opportunity to prove it. If any inventor's incentive to invent was diminished, his testimony would have been received. The silence of the record on these points is fatal to the defense. Further, with respect to machinery, about the supposed monopoly of which appellant has so much to say, it is significant that there is no evidence that any of the patents included in the accused agreements cover any machine or piece of apparatus in which anyone has any interest whatsoever. As to such patents, the supposed monopoly, for all that this record shows, is non-existent—there is no evidence that Stokes or anyone else makes machinery or apparatus under those patents, or that anyone wants to buy, sell or use such machinery or apparatus.

The conclusion is inescapable that appellant is seeking to avoid the consequences of its infringement merely because the patents in suit form the subject matter of a pooling agreement. This alone will not sustain the defense, *Standard Oil Co. v. United States*, 283 U. S. 163 (1931). The assignability of patent rights in consideration of other patent rights has been established as *per se* legal, *Transparent-Wrap Machine Corp. v. Stokes & Smith Co.*, 329 U. S. 637 (1947).

Appellant has chosen to ignore the fact that appellees did not sue its customers, and does not now seek to enjoin appellant, but only seeks money damages. Appellant has chosen to ignore the fact that the principals in the challenged pool, Stokes and Sharp & Dohme, were not before the formation of the pool, and are not now, competitors. It appears from the very contracts which appellant put in evidence [D. Ex. O, R. 768-937] that the research activities of Sharp & Dohme in the development of improved processes for the production of pharmaceuticals



and the research activities of Stokes in the development of machinery suitable for the commercial carrying out of these processes resulted in the making of machine inventions by Sharp & Dohme and in the making of process inventions by Stokes. Under these circumstances a patent pool was not only permissible, but desirable. See *Standard Oil Co. v. United States*, *supra*, at p. 171. The general plan of the pool was to give to Stokes the full monopoly right under the machine inventions of the pooled patents, to give to Sharp & Dohme a non-exclusive license under all the inventions, and to set up Lyophile-Cryochem Corporation, one of appellees, as a licensing agent to license the pharmaceutical process and product inventions to the pharmaceutical trade at large, with the revenue to Lyophile-Cryochem to be divided among the interested parties.

Instead of restraining competition beyond the scope of the patent monopolies, this arrangement opened up to the entire pharmaceutical industry the processes and products patented. Unlike the situation in *McCullough v. Kammerer Corp.*, 166 F. 2d 759 (9th Cir. 1948), Stokes, which held the full monopoly right granted by the patents with respect to machinery, did not bind itself to manufacture only the patented machinery to the exclusion of competing designs nor did it bind itself never to license others to manufacture the patented machinery. There is no evidence that Stokes has ever refused to license any one to manufacture the patented machinery or failed to supply the demand therefor.

**11. The evidence shows that it was the policy of Lyophile-Cryochem Corporation actively to promote the non-discriminatory licensing of the process and product claims of the patents in suit (and of patents licensed with them) and that this licensing was of a non-restrictive character without price-fixing, quotas, or tie-in between the licensing of the process and product claims and the purchase of machinery, patented or unpatented.**

Appellees were not content to rest upon appellant's failure to prove its affirmative defense. Mindful of the Supreme Court admonition in *Standard Oil Co. v. United States*, 283 U. S. 163 (1931) at page 175, that it was the operation and effect of pooling contracts that was to be examined, appellees prepared and introduced Plaintiffs' Exhibit 7 [R. 364-368; 969-971].

Exhibit 7 demonstrates affirmatively that the market for process licenses and for apparatus, *i. e.*, the firms known to be using or contemplating the use of freeze-drying, had been covered independently by the process licensing corporation, Lyophile-Cryochem, and by the manufacturer of apparatus, Stokes.

Fifty-two prospective customers are listed [R. 969-971, col. 1]; all but fourteen were actively freeze-drying [col. 2]. Stokes had approached all but one of the fifty-two as potential freeze-drying machinery customers [col. 5]; Stokes had succeeded in selling such machinery to twenty-nine [col. 7]. Lyophile-Cryochem had licensed thirty of the fifty-two under the patents in suit [col. 4]. Twenty of the fifty-two were both licensees and users of Stokes machinery [cols. 4 and 7]. Ten licensees had bought no Stokes machinery [cols. 4 and 7]. Nine users of Stokes machinery had no licenses [cols. 4 and 7]. Thirteen prospects had neither license nor Stokes machinery [cols. 4 and 7].

Appellant itself had been offered a license [R. 327-328] in the form appearing in Exhibit N [R. 761, 768], but had

refused it [R. 328]. Appellant itself, though unlicensed, had purchased machinery from Stokes [R. 970, col. 7]. Mr. Kerr, General Manager of one of appellees, testified without contradiction that, in negotiating licenses, no requirement was ever made that a licensee accept a license under all of the patents offered for license together [R. 366], that it had never been required as a condition for obtaining a license that equipment be purchased from Stokes [R. 366-367].

Unlike the Wisconsin Alumni interests whose callous disregard of public health was condemned by this Court in *Vitamin Technologists v. Wisconsin Alumni Research F.*, 146 F. 2d 941 (9th Cir. 1945), appellees have followed a policy of granting free licenses to hospitals and research organizations [R. 326] and to all participants in the war-time blood plasma program [R. 354] including appellant [R. 355].

In the face of this showing it is submitted that not only has appellant failed to prove the existence of any misuse of the patents in suit, but that appellees have affirmatively shown that the challenged pool is of the type approved by the Supreme Court in *Standard Oil Co. v. United States*, *supra*.

### **C. The Decree on the Counterclaim Should be Affirmed.**

**12. The validity and infringement of claims 6, 11, 12 and 13 of the Reichel patent and of claims 4 and 5 of the Flosdorf and Stokes patent were not open for adjudication on the counterclaim, and were not covered by the decree thereon.**

Appellant's so-called "Specification of Errors", in paragraphs 2, 3 and 4, suggests that the District Court erred in failing to grant appellant's counterclaim with respect to validity and infringement of Reichel claims 6, 11, 12

and 13 and Flosdorf and Stokes claims 4 and 5. Actually, these issues had been adjudicated between the parties in appellees' favor by the judgment on the verdict entered August 3, 1948 [R. 35] and could not thereafter be re-adjudged so long as that judgment stood. Appellant's motions for a judgment *n. o. v.* and for a new trial were denied on August 9, 1948 [R. 39-42] and an appeal from the judgment on the verdict was taken on September 2, 1948. Manifestly the District Court committed no error in a decree entered September 13, 1948 in failing to grant appellant's counterclaim with respect to these issues.

**13. No error is urged with respect to the declaratory adjudication of validity of claims 1, 2 and 3 of the Flosdorf and Stokes patent and the only error urged with respect to the declaratory adjudication of validity of claims 1, 2, 3, 4, 5, 7, 8, 9 and 10 of the Reichel patent is that the District Court made an erroneous finding of fact with respect to the question of invention.**

The only mention of the Flosdorf and Stokes patent in the Specification of Errors is in paragraph 4 thereof and this is expressly confined to claims 4 and 5. By long standing practice of this Court, any alleged error with respect to claims 1, 2 and 3 of the Flosdorf and Stokes patent may be deemed waived.

With respect to claims 1, 2, 3, 4, 5, 7, 8, 9 and 10 of the Reichel patent, appellant does not urge any special grounds of invalidity. Appellees did not present any special evidence confirmatory of the validity of these claims, apart from that also pertinent to the claims which appellees were urging in the law action. The file wrapper of the original Reichel patent, D. Ex. B, at pp. 74-88 does contain an affidavit showing certain advantages attained by the freezing of the material at  $-70^{\circ}\text{C}$ . and the record does show that in its "Process E" appellant pays this contribution the tribute of infringement [R. 168]. Ap-

pellees placed their principal reliance on the evidence presented as to the validity of claims 6, 11, 12 and 13. So no doubt did the District Court in making its finding that the remaining claims are valid [R. 65].

In an action tried without a jury, involving the validity of a patent, the question of invention is a question of fact to be determined by the trial judge on the evidence. An excellent example of approach by a district court to the determination of such a question under the governing law of this circuit, and one noteworthy for its careful separation of law from fact, is *Reverse Stitch Mfg. Co. v. California Reverse Stitch Co.*, 81 F. Supp. 976, 978-981 (S. D. Calif. 1949).

**14. The finding of the District Court that claims 1, 2, 3, 4, 5, 7, 8, 9 and 10 of the Reichel patent are valid cannot be said to be plainly erroneous.**

Appellant urges that the District Court erred in finding claims 1, 2, 3, 4, 5, 7, 8, 9 and 10 of the Reichel patent valid only on the general ground that all of Reichel's claims are void for want of patentable invention. This raises a question of fact, *Faulkner v. Gibbs*, 170 F. 2d 34 (9th Cir. 1948) as to which the District Court's finding can only be set aside if plainly erroneous, *Rule 52(a), F. R. C. P.*

Far from being plainly erroneous, the District Court's finding as to these claims was made only after the jury had found claims 6, 11, 12 and 13 valid on the same evidence and after the Court itself had carefully reviewed the evidence [R. 41-42] both under the rules governing judgments *n. o. v.* and under the greater latitude permitted him on a motion for a new trial. His finding is also in accord with that of the Patent Office on both the issue and the reissue of the Reichel patent. Appellant has signally failed to carry its burden of proof with respect to the counterclaim.



### D. Rebuttal.

**15. The inventions of claims 6, 11, 12 and 13 of the Reichel patent are processes, properly claimed.**

Appellant has ignored the proceedings below, the positions which it there took, and the appellate character of this Court in an attempt to induce this Court to pick over the bare bones of a printed record and reverse the verdict of the jury and the findings of fact of the trial judge.

What Reichel accomplished was the conversion of a process generally describable as "freeze-drying" from an elusive vision to a practical, life-saving reality. Freeze-drying embraces all processes in which a material to be dried is first frozen and, while frozen, subjected to a drying procedure. The improvements which Reichel invented were the novel combinations of specific steps to be taken in this old process which improved the results obtained and made the process practically useful, with incalculable benefit to mankind. Reichel did not invent "freeze-drying"; he did take it out of the field of the visionary and put it to the everyday service of the people [R. 93-98]. Reichel did not invent any separately new step in drying; he did invent new combinations in "freeze-drying" each such new combination contributing a useful improvement to that generally old technique [R. 98-99]. None of Reichel's claims asserts any single step as his invention; all assert new combinations.

In two of the claims charged to be infringed, claims 6 and 12, Reichel defines a process having four steps never before combined, the new result of which is materially to hasten the pre-existing freeze-drying process without danger of destroying delicate biological substances being dried. These four steps are (1) freezing, (2) subjecting the frozen material to a high vacuum while (3) heating the frozen material, (4) without melting or softening thereof.

In the other two claims charged to be infringed, claims 11 and 13, Reichel defines another process having four steps never before combined, the new result of which is to carry the degree of desiccation significantly beyond that attained by prior freeze-drying. These four steps are (1) freezing, (2) subjecting the frozen material to a high vacuum, (3) without melting or softening the solid material and (4) continuing the application of the vacuum until the material has reached a temperature substantially above its freezing point.

It will be seen that each of these four-step processes has three of the steps in common. In the commercial applications of the Reichel invention, all five steps are used in order to obtain the advantages of each of the four-step processes.

In the file wrapper of the original Reichel patent, in the last amendment, filed October 26, 1936, prior to allowance, it was pointed out that one of the fundamental questions raised was [D. Ex. B, p. 94]:

“3. Is applicant entitled to claim broadly the process of dehydration of a frozen serum or the like which involves subjecting the serum or the like to a high vacuum while in a frozen state and while exposing the container containing the frozen material to a temperature substantially above  $0^{\circ}$  C. during the dehydration, *or* at least, continuing the application of the high vacuum until the material within the container reaches a temperature substantially above  $0^{\circ}$  C., whether the container is exposed to room temperature or a warm bath during the entire period of dehydration *or* not, irrespective of whether the material is initially frozen at  $-20^{\circ}$  C., or  $-70^{\circ}$  C. or any other temperature?” [Emphasis added.]

An allowance of the application followed this amendment, including an allowance of claims 6 and 11 of the

original patent which are claims 6 and 11 of the reissue patent in suit.

In the file wrapper of the Reichel reissue patent the applicant's oath states that the inventions of the original patent included among others the following processing operations [D. Ex. C, p. 19]:

"2. The process of dehydrating frozen serum or other biologically active substance by subjecting the serum or other substance to a high vacuum while in a frozen state and while exposing the container containing the frozen material to surroundings maintained at a temperature substantially above 0° C. during the dehydration, *or* continuing the application of the high vacuum until the material within the container reaches a temperature substantially above 0° C., whether the container is exposed to room temperature or a warm bath during the entire period of dehydration or not." [Emphasis added.]

The alternative conjunctions emphasized in the two passages quoted make it plain that Reichel intended to claim and the Patent Office intended to allow the claim in suit to cover two separately inventive four-step processes.

Dr. Leake testified that, in his opinion, Reichel had made, with respect to freeze-drying as practiced in the pharmaceutical art, *two significant contributions* (1) the insistence upon maintaining the product in a solid state while the heat was being applied and (2) raising the temperature of the product well above the freezing point at the end [R. 98, 148-9]. Dr. Leake was called as an expert skilled in the art to which the Reichel process appertains [R. 81-83]. He was fully familiar with the actual practices of that art with respect to freeze-drying both before and after Reichel [R. 93-99, 100-101, 114-116]. It was certainly within the province of the jury which heard him testify to give the highest weight and

credence to his testimony. When Dr. Leake testified that there are five essential steps to the Reichel process [R. 84-85, 138-139], he meant that the five step process used by appellant (and all others in the industry) for producing a medically-acceptable, freeze-dried biological substance which could be safely preserved and reliably reconstituted was essential in its entirety to attain that end. He was not interpreting claims (nor was that his province or the field of his expert knowledge). He did not mean that the two "sub-combination" four-step process of the claims in suit, both of which are used in the five step procedure to which he referred, were not contributions of independent merit to the art. On the contrary, he emphatically stated on cross-examination [R. 148] that each was a "main contribution".

**16. Claims to sub-combinations are legally valid and claims 6, 11, 12 and 16 of the Reichel patent are legally complete.**

Under Point 5 at pages 37-42 of its Opening Brief, appellant argues that claims 6, 11, 12 and 13 of Reichel are incomplete and therefore invalid. This argument too, is based on the fallacious fact premise that five steps are essential to novelty in the Reichel process and proceeds on a further legal fallacy that since these claims included only four steps they are improper claims. Appellant disregards entirely the analysis of its own expert, Hildebrand, which reduces the Reichel commercial process to three steps [D. Ex. K-1]. The practical question, however, is not whether Hildebrand was right in saying that the process consisted of three steps or whether Leake was right in saying that the process consisted of five steps. The real question is whether the combination processes of the claims are new combinations.

Even though the Reichel commercial process includes five steps, it is entirely proper to claim any new combina-

tions of them. As stated in *Railroad Co. v. DuBois*, 12 Wall. 47, 60 (U. S. 1871):

“Undoubtedly a patentee may claim and obtain a patent for an entire combination, or process, and also for such parts of the combination or process as are new and useful, or he may claim and obtain a patent for both.”

And in the recent case of *Special Equipment Co. v. Coe*, 324 U. S. 370, 377 (1945), the Supreme Court said:

“The statutes permit, and it is the settled practice of the Patent Office, many times sustained by this Court, to allow, claims to a combination and also its subcombinations. [Citing cases.]”

The verdict below constitutes a finding that the combinations of claims 6, 11, 12 and 13 are novel and inventive. As the Supreme Court said of findings with respect to subsidiary combination claims in *Williams Co. v. Shoe Mach. Corp.*, 316 U. S. 364, 367 (1942):

“These findings are to the effect that the new combinations, while they involve old mechanical constructions, combine these in a new way so as to produce an improved result. These are findings of fact [citing cases], despite the petitioner’s apparent contention to the contrary, and we will not disturb such concurrent findings, where, as here, there is evidence to support them”.

**17. Whether or not the bringing together of the recited steps of the claims of the Reichel patent constituted an inventive act and resulted in patentable combination processes or in mere aggregations is the chief contested issue between the parties and is a question of fact, not of law.**

There can be no doubt that a process is patentable as a matter of law. The statute, R. S. § 4886, 35 U. S. C.



§ 31, states: "Any person who has invented \* \* \* any new and useful art \* \* \* may \* \* \* obtain a patent therefor".

"A process, *co nomine*, is not made the subject of a patent in our act of Congress. It is included under the general term 'useful art'." *Corning v. Burden*, 15 How. 252, 267 (U. S. 1853).

"That a process may be patentable, irrespective of the particular form of the instrumentalities used, cannot be disputed". *Cochrane v. Deener*, 94 U. S. 780, 787 (1877).

"It seems to us that this clear and exact summary of the law affords the key to almost every case that can arise. 'Whoever discovers that a certain useful result will be produced in any art by the use of certain means is entitled to a patent for it, provided he specifies the means'. But everything turns on the force and meaning of the word 'means'. It is very certain that the means need not be a machine, or an apparatus; it may, as the court says, be a *process*'. *Tilghman v. Proctor*, 102 U. S. 707, 728 (1881).

The law being so plain that processes are patentable, the whole of appellant's argument on his points 2, 3 and 4 degenerates into an attempt to convince this Court that Reichel's processes are not patentable, *i. e.* are not new or not useful or not inventive. In order to lift itself by its boot straps above the adverse findings of the jury on these issues of fact, appellant hopefully states that there is no conflict in the evidence.

In the first place, even if there were no conflict in the evidence, unless appellant were willing to concede the ultimate inference of fact to be drawn, namely that patentable invention is present, there would be a disputed issue of fact for the jury, as we have already pointed out.

In the second place, there is conflict in the evidence requiring the weighing of statements of experts, the evaluation of the cited prior art, the determination of whether the success that followed Reichel was attributable to his claimed improvements, and the decision as to whether the steps claimed in combination mutually contribute to produce a new result or are merely aggregative of their separate results.

We will briefly review the evidence to show plainly the conflict it presented for the jury to resolve.

In the first instance, Dr. Leake testified that Reichel had made two main contributions to science [R. 148]. Dr. Hildebrand testified that had he known dried plasma to be a desirable product he could have produced it without reference to Reichel [R. 291]. That the jury chose to believe Leake, as the practical man actually in the art, is plain and, equally plainly, it was the jury's prerogative.

Again, appellant takes the five steps named by Dr. Leake as the basis of its discussion and disregards the evidence of its own expert, Dr. Hildebrand that the Reichel process was made up of three steps [R. 272-279; D. Ex. K-1].

Appellant asserts that the first four steps of Dr. Leake's five are admitted to be old and well known. But the question is not whether the individual steps are old but whether the combination of these steps, as claimed in claims 6 and 12, is old or new. The evidence not only fails to show that the combination is old but shows on the contrary that the combination is new.

Dr. Leake pointed out that the heating step, heating the frozen material while it was being dried, was described in a Morel patent for the freeze-drying of food products, particularly gluten, but in this process the heat melted the ice, which Dr. Leake pointed out was like

putting a block of ice on a hot stove and watching the water evaporate as the ice melted [R. 95]. Dr. Leake distinguished the Reichel process from such prior art heating step, with melting, by pointing out that Reichel insisted upon the importance of maintaining the product in a solid or frozen state while the heat was being applied [R. 98].

The fact that the four separate steps of the process of claims 6 and 12 were old in other combinations is not the question presented. It is rather whether the combination of these four steps in the manner in which Reichel combined them was new or old. And Dr. Leake's testimony is that the combination was new with Reichel.

Appellant also refers to the Elser patent [D. Ex. G-7; R. 681-688] as disclosing the four steps of claims 6 and 12. Appellant is in error. The Elser patent, in describing the modification in which a heating means is used, describes it for the purpose of aiding in the evaporation of liquid and not the sublimation of ice. This modification is described in the first column of page 3 of the Elser patent [R. 681] in connection with Figures 7 and 8, where the material is described as being added in liquid form with evaporation of the liquid to freeze the product and all that Elser says about his heating means is in lines 44-52 of this column as follows [R. 687]:

“So that the temperature of the product does not reach a value so low as to impede vaporization of the liquid heating means may be provided, such as the lamps 22, for maintaining a given temperature in the lower areas of the drying chamber 20 to counteract the cold transmitted to the product by the chilled top surface of the tank, and the cold caused by the evaporation of the liquids.”

So Elser is concerned with heating to aid in evaporating liquid and not in the subliming of ice from a frozen

product without melting the ice. Appellant states that Elser was before the Patent Office and was distinguished because of Reichel's different method of freezing. Appellant is in error. The fact is that Elser was distinguished on the ground that Elser did not describe the heating of the frozen product while maintaining it in a frozen state [D. Ex. B, p. 27].

Under Point 2 at pages 22-27 of its Opening Brief, appellant argues that the final step of the Reichel process as discussed by Dr. Leake is an old step in other processes and in Point 3 appellant argues that the addition of this "fifth" step to the freeze-drying process was not a patentable invention. To support its contention appellant relies on evidence not presented to the jury, classifying eight special technical publications as eligible for judicial notice equally with a standard dictionary, as the basis for asking this Court to reverse the jury on a question of fact. Appellees have never suggested that the so-called "fifth step", when isolated from the other steps of the combination claimed in claims 11 and 13, was novel *per se*. In fact, this "fifth step", when so isolated, *e. g.* as when used in drying prunes, is a conventional procedure of great age. It remained for Reichel to combine that step into freeze-drying and provide a most beneficent contribution, dried plasma.

Hildebrand recognized that nowhere in the prior art was there any description of the step of the process of claims 11 and 13 used by defendant of "continuing the vacuum until the substance attains a temperature substantially above 0°C." Thus Hildebrand testified that there were no instructions in the prior art to that effect, saying [R. 314]:

"Q. So we are agreed that there is no instruction in any of these prior patents or publications of that step of continuing the vacuum until the substance

attains a temperature substantially above zero degrees centigrade?

“A. No, that is not contained in the instruction in any of those.”

Dr. Leake had carried out the Shackell method *ante litem* [R. 95-96] and found that procedure to be not useful because it gave a product apparently dry, but which retained about 8% moisture. He said the product looked dry and felt dry but deteriorated on standing and was not satisfactory [R. 96].

Appellant argues in Point 5 that disposition of the present case requires no determination of the “abstract question as to whether matters of validity or infringement are questions of fact or law”. Appellant’s difficulty is that it seeks to have this Court substitute its judgment on the facts for that of the jury, contrary to all established rules. As the Supreme Court said in *Tennant v. Peoria & P. U. Ry.*, 321 U. S. 29, 35 (1944):

“It is the jury, not the court, which is the fact-finding body. It weighs the contradictory evidence and inferences, judges the credibility of witnesses, receives expert instructions, and draws the ultimate conclusion as to the facts. \* \* \* That conclusion whether it relates to negligence, causation or any other factual matter, cannot be ignored. Courts are not free to reweigh the evidence and set aside the jury verdict merely because the jury could have drawn different inferences or conclusions or because judges feel that other results are more reasonable”.

In the present case, the Patent Office, the jury and the trial judge have all, from substantially the same evidence, drawn the inference that the Reichel patent displays invention. This evidence may be summarized:



The Reichel claims define novel combinations of process steps;

The prior art did not successfully produce useful products;

There was a constant demand, including a World War, during the period of the prior art;

Once the Reichel invention was made, the demand was satisfied.

Can it be said that no reasonable man could infer that Reichel displayed invention? Was not the jury within its province in accepting the conclusion of Dr. Leake, that Reichel had made a great contribution to the art and in disregarding the *ex post facto* assertion of Dr. Hildebrand, that *he* could have done it if *he* had been asked? Was it callousness, stupidity or ignorance which kept plasma and other products from the medical profession for decades or was it the "flash of thought"\* or the "flash of genius"\*\*\* of Reichel for which victims of shock or hemorrhage waited?

**18. The proof of infringement of the Reichel patent was clear and complete and appellant's entire argument about non-infringement is a plea to this Court to reexamine questions of fact decided adversely to it by the jury.**

The proof of what appellant did in freeze-drying its several freeze-dried products is clear and definite [R. 156-168]. Appellant does not contend that it does not freeze these products or that it does not subject them to a high vacuum while frozen or that it does not heat them by exposure to a source of heat well above the freezing point of materials while under the vacuum without melting the

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\* *Densmore v. Scofield*, 102 U. S. 375, 378 (1880).

\*\* *Cuno Corp. v. Automatic Devices Corp.*, 314 U. S. 84, 91 (1941).

frozen material or that it does not continue the vacuum until the products have obtained a temperature substantially above their freezing point. Appellant's contention with respect to infringement is simply that appellant does not freeze most of its materials "quickly" or "substantially instantaneously" because it freezes most of its products at temperatures between  $-20^{\circ}\text{C}.$  and  $-60^{\circ}\text{C}.$  The question presented, therefore, is whether or not freezing at these temperatures constitutes the sort of freezing called for by the claims. This is a question of fact.

Upon this point, namely rate of freezing, Dr. Hildebrand testified extensively [R. 287-290]. He pointed out that the rate of freezing was determined by a variety of factors including the temperature of the refrigerant and the character of the heat transfer contact between it and the material to be frozen. Although Dr. Hildebrand did not consider the term "quickly" a precise one, he conceded that it was a term which had been used in the freeze-drying art as descriptive of well understood procedures [R. 298]. As we have already pointed out, these procedures described freezing with refrigerants at temperatures no lower than the range from  $-12^{\circ}$  to  $-20^{\circ}\text{C}.$  The Patent Office Examiner had no difficulty in understanding and using the term and in applying it to freezing carried out at about  $-20^{\circ}\text{C}.$  [R. 419]. Dr. Hildebrand's testimony on this point went so far as to include the statement that the Examiner did not know what he was talking about [R. 298]. It was the jury's prerogative to conclude that the Examiner did know what he meant when he said "rapidly freezing".

In short, appellant's argument is that, although appellees showed that appellant froze its products at temperatures not higher than  $-20^{\circ}$  and although appellant's own prior art references establish that such freezing was known in the art as "quickly freezing", the jury made a finding of fact of infringement so unreasonable that the trial Court should have granted a judgment *n. o. v.*

Appellant hopefully points to the evidence that certain batches of defendant's material take as long as sixteen hours to freeze [R. 340]. As Dr. Hildebrand pointed out, freezing is a phenomenon which takes place at the freezing point of the material [R. 288]. That an entire batch takes sixteen hours from the time the first material freezes to the time the last is frozen is no evidence that each bit of the material being frozen is not crossing the freezing point [R. 289] as rapidly as it would if it were a part of a smaller batch taking a proportionately smaller time to freeze as a batch. It is said that the Chinese nation marching four abreast could never march past a point, but the Chinese would not be passing that point more quickly if the tail of the column were only ten minutes away instead of lost in eternity.

Appellant also reasserts its palpably erroneous position that the Reichel patent is in some way limited to freezing at temperatures lower than  $-20^{\circ}\text{C}$ . by the proceedings which took place in the Patent Office. Both the original and reissue file wrappers contain unequivocal statements by Reichel that the patent was intended to claim the processes in suit irrespective of the temperature of freezing [D. Ex. C, p. 94; D. Ex. C, pp. 18-20].

Far from asking this Court to ignore any limitation in the claims, appellees merely ask that their limitations be given the meaning which the evidence shows, and the jury must have found, to have been well established in the art.

**19. The argument that claims 4 and 5 of the Flosdorf and Stokes patent are for the mere function or effect of a machine is not supported by the facts upon which the jury, properly instructed as to the law, found against appellant.**

Appellees have no quarrel with the law of the cases cited by appellant. On the contrary, appellees were so satisfied with appellant's view of the law that appellees made no objection to the trial court's charge to the jury

on this point and neither did appellant. Both parties are, therefore, in accord that the issue of fact of whether or not claims 4 and 5 of the Flosdorf and Stokes patent are for the mere function or effect of the machine was given to the jury upon correct instructions.

A complete answer to appellant's argument is the fact that appellant nowhere names the machine of which the processes of claims 4 and 5 of the Flosdorf and Stokes patent are supposed to be the mere function or effect. The reason that appellant does not name such a machine is that there are a number of different machines which may be employed with equal success to carry out the pumping step of the claimed processes. One of these is the well-known steam ejector, used by appellant for the step of pumping the water vapor out of the vacuum space in its process without the use of a cold condenser or desiccant [R. 165]. Another is the specific type of apparatus invented by Flosdorf and Stokes and claimed by them in claim 3 of their patent in suit [R. 959]. That patent itself illustrates three forms of apparatus [R. 954] suitable for carrying out the invention of its process claims, although but one form of apparatus is covered by an apparatus claim.

The claims of the Flosdorf and Stokes patent are for a combination of three steps as appellant was at pains to prove [D. Ex. K-2]. This combination was novel and produced a result not thought possible by the art [D. Ex. E, pp. 60, 67].

The Supreme Court many years ago in *Cochrane v. Deener*, 94 U. S. 780 (1877), discussed the requisites of a patentable process. The claim in that case was as follows:

"The hereinbefore described process for manufacturing flour from the meal of ground wheat, by first taking out the superfine flour, and then taking out the pulverulent impurities by subjection to the combined operations of screening and blowing and afterward regrinding and rebolting the purified middlings." U. S.

Patent No. Re. 5,841 (claim reproduced in 5 O. G. 484, 21 Apr. 1874).

In holding the claim valid, the Court said (pp. 787-8):

“That a process may be patentable, irrespective of the particular form of the instrumentalities used, cannot be disputed. If one of the steps of a process be that a certain substance is to be reduced to a powder, it may not be at all material what instrument or machinery it used to effect that object, whether a hammer, a pestle and mortar, or a mill. Either may be pointed out; but if the patent is not confined to that particular tool or machine, the use of the others would be an infringement, the general process being the same. A process is a mode of treatment of certain materials to produce a given result. It is an act, or a series of acts, performed upon the subject-matter to be transformed and reduced to a different state or thing. If new and useful, it is just as patentable as is a piece of machinery. In the language of the patent law, it is an art. The machinery pointed out as suitable to perform the process may or may not be new or patentable; whilst the process itself may be altogether new, and produce an entirely new result. The process requires that certain things should be done with certain substances, and in a certain order; but the tools to be used in doing this may be of secondary consequence.”

The claims of the Flosdorf and Stokes patent comply in all respects with this definition of a patentable process. The facts that several different pumps, old and new, may be used to accomplish a double purpose which previously required an absorbent or condenser in addition to a pump, does not make the new step a function of the pump any more than the regrinding step of the process in *Cochrane v. Deener*, *supra*, was the function of the apparatus used for regrinding.



**20. Appellant's entire argument with respect to the supposed misuse of the patents in suit is based on good law, but a complete disregard of the facts.**

Under Point 14, appellant argues that the patent pool which Sharp & Dohme and Stokes formed in the field of freeze drying by the agreements in Defendant's Exhibit O [R. 768-937] eliminates all competition, present and future, between those companies. This argument is an empty one, because there is no evidence whatsoever that there ever was any competition between them or ever would be in the foreseeable future. It does not even appear from the record that Sharp & Dohme had the corporate power to engage in the machinery business or that Stokes had the corporate power to engage in the pharmaceutical business.

In fact, Sharp & Dohme is a drug house and Stokes is a manufacturer of machinery. If Sharp & Dohme, in its research program, makes discoveries useful in the manufacture of machinery, there is nothing in the public policy of the United States to compel it to go into the machinery business. If Stokes, in its research program, makes discoveries useful in the manufacture of pharmaceutical products, there is nothing in the public policy of the United States which says that it must embark independently upon operations in the unfamiliar drug trade. Appellant has been unable to point to the lessening of any competition that ever existed or that the operation of reasonable business practices might have brought into being.

If Sharp & Dohme and Stokes, two Philadelphia concerns, for their mutual benefit and to facilitate the progress of the useful arts, have entered into a cooperative research venture in a field in which their business activity was, and is, complementary, not competitive, the public policy of the patent law has been furthered, not the public policy of the anti-trust law defied. There is no harm to the public interest in providing that the fruits of that research, in the

form of patent rights, should be availed of by Sharp & Dolme in its normal field, the drug trade, and by Stokes in its normal field, the machinery trade.

Since a research program necessarily looks to the future, and since, inherently, a corporation can do research only through employees whose patent rights, in turn, must accrue to the corporation if the corporation is to benefit, the patent pool provides for the disposition of future patent rights and the securing to the corporations of the patent rights of their employees. Such provisions for assignment *in futuro* were approved in *Transparent-Wrap Machine Corp. v. Stokes & Smith Co.*, 329 U. S. 637 (1947).

It is not clear just what course appellant thinks the law required a corporation making an invention outside its normal field of business to pursue. But apparently appellant thinks it improper for such a corporation to turn for cooperation to a neighboring firm engaged in the field of that invention. On this point, a case cited by appellant as a leading one in the field of patent pools, *Blount Mfg. Co. v. Yale & Towne Mfg. Co.*, 166 Fed. 555, 557 (C. C. D. Mass. 1909) correctly states the law, in a passage partially quoted by appellant:

“It seems self-evident that a contract which is only coextensive with the monopoly conferred by letters patent, and which creates no additional restraint of trade or monopoly, does not conflict with the Sherman Act. The monopoly granted by letters patent is of a particular invention. Devices thus protected by patents are as a matter of fact in commercial competition with both patented and unpatented devices. A contract whereby the manufacturers of two independent patented inventions agree not to compete in the same commercial field deprives the public of the benefits of competition, and creates a restraint of trade which results, not from the granting of letters patent, but

from agreement. While the monopoly of the patented articles is not increased, the monopoly of the commercial field is increased by the 'unified tactics' as to prices''.

There is no evidence that Sharp & Dohme has ever manufactured any product which competed in the same commercial field with a product manufactured by Stokes. By granting an exclusive license in the machine field to Stokes, Sharp & Dohme assuredly creates no monopoly in Stokes beyond the monopoly conferred by the claims of the licensed patent. There is no evidence that any price restraint whatsoever exists in either the drug or the machine field. And assuredly, Defendant's Exhibit O provides for none.

When appellant states, as it does on page 84 of its opening brief, that a patentee "is granted no right to exclude himself, by agreement or otherwise, from competition in devices which his patent covers", appellant grossly misstates the law. If this were the law, every exclusive license agreement would be an unlawful restraint of trade. But the license agreement which the Supreme Court upheld in *Transparent-Wrap Machine Co. v. Stokes & Smith*, *supra*, as legal *per se* was an exclusive license by which the patentee was, during the life of the license, barred from competing with the licensee.

On page 88, appellant argues that the parties to the contested patent pool have employed their joint patent position to allocate to each other separate fields of manufacture. The converse of this is true. The already existing separate fields of manufacture of the parties to the pool determined the patent positions granted to them by the pool.

Appellant suggests that the case of *United States v. Line Material Co.*, 333 U. S. 287 (1948) controls the instant case. Aside from the fact that that case, as does this one, concerns a patent pool, there are no facts in common between

the two. In the *Line Material* case, the members of the pool were competing manufacturers in the same field prior to the creation of the pool and, through the pool, prices were fixed for the licensed product. In the instant pool, no price is fixed for any licensee in any line, whether pharmaceutical or machinery.

The findings of fact made by the Court below on this issue are perfectly adequate and that they were adverse to appellant is attributable only to the fact that the record is devoid of any suggestion of any damage to any public interest by the contested patent pool. It is significant that in appellant's argument there is no suggestion of any specific restraint of trade brought about by the contested pool except the rather envious one that the patents dominate the freeze-drying industry. That is not surprising when it is remembered that the pool includes the pioneer Reichel patent. The dominating position of appellees is a great tribute to the merit of the Reichel invention and in no way a reflection of any illicit fruits of conspiracy. Licenses under this dominating position have been freely available to any manufacturers on terms which both Feirer and Kerr thought unreasonably low [R. 185, 328]. See also Judge Yankwich's comment as to the intent of Sharp & Dohme and Stokes as expressed in the underlying agreements [R. 59-61].

So weak is appellant's position that at page 93 it attempts to bolster its argument that the licensing policies of appellees have created an unreasonable restraint in the industry by quoting the testimony of the General Manager of one of the appellee corporations. Certainly, Mr. Kerr said of the royalty schedule offered by appellees in 1946 that it was not reasonable [R. 328] but what he plainly meant was that the royalties were *unreasonably low*. He was asked to comment on the testimony of Dr. Feirer, who had already expressed his opinion that the royalties offered by appellees, being less than the 5% which he thought reasonable, were unreasonably low [R. 185]. No part of

appellant's argument about misuse of the patents in suit is more substantial than its transparent distortion of Mr. Kerr's testimony.

## CONCLUSION

**The judgment appealed from should be affirmed.**

Respectfully submitted,

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